

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

High Liner Foods

New Hampshire Manufacturing Extension Partnership

High Liner Foods (USA) Utilizes Kaizens for Continuous Improvement

Client Profile:

High Liner Foods (USA) Inc., located in Portsmouth, New Hampshire produces frozen seafood under the Sea Cuisine and Fisher Boy® brands, in addition to private label seafood products. They are the largest supplier of retail private label processed seafood in the United States, producing over 50 different labels for U.S. grocery retailers. From restaurant quality seasoned fillets to value-added fish and shellfish, High Liner Foods USA distributes its products through most major retail chain, club stores across the country as well to institutions for school food service programs. The Canadian-based company employs 220 people.

Situation:

High Liner USA's Vice President of Manufacturing, Art Christianson, recognized the company's need to reduce the cost of goods sold in order to be more competitive. They also needed to open up capacity and drive down warehouse costs. They formed groups to review process improvement options and included members of their supply chain. It was determined that Lean training would be beneficial to the company. New Hampshire Manufacturing Extension Partnership's (NH MEP), a NIST MEP network affiliate, project manager Christopher Tsakiris invited Christianson to attend a public TimeWise® LE102 Lean event and soon afterwards provided Lean training to High Liner's Portsmouth staff.

Solution:

NH MEP facilitated seven TimeWise® LE107 Principles of Lean for the Process Industry events. The training combines classroom work with hands on 'factory' simulations where students apply what they have learned. These exercises help familiarize employees with Lean principles, terms and tools. High Liner employee groups also participated in Value Stream Mapping (VSM) exercises which help to identify process problems and determine improvement strategies. Then they were taught how to utilize the Kaizen, a Japanese term meaning to take apart and put back together in a better way, to make improvements and remove waste from their processes.

Kaizen events addressed the issues of waste elimination, space utilization in the warehouse, and oil usage at the company. The High Liner plant needed to cut down on the waste that was generated during production. By using VSM, a cross functional team of employees from all departments analyzed the areas of the process that generated the waste streams and identified continuous improvement ideas which would reduce or eliminate unnecessary costs and even generate additional revenue to the facility. Improvements were made to overall fish utilization for greater yield and better retention of the bread crumbs on the product. This enhanced overall product quality as well as eliminating waste. Paper board is now being recycled rather than disposed of. As a result of these efforts, High Liner Foods (USA) has had an overall costs savings of more than \$250,000 dollars a year.

Another Kaizen focused on High Liner USA's warehouse. High Liner was utilizing several refrigerated warehouse locations throughout the country to store and distribute its products. The cost of storage and of transporting product back and forth between facilities was significant. A Kaizen event was held

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focusing on warehouse utilization, and the ideas that were generated and implemented had a tremendous impact on the company's storage and freight bottom line. Other positive results included making the best use of space in the current freezer by racking and pallet optimization, changes in how the stored products are configured and on what constituted a 'full' pallet. The improvement in space utilization combined with freight cross-docking helped reduce freight costs and eliminated the number of outside warehouses needed for storage.

A third Kaizen focused on the company's use of cooking oil. The price of cooking oil as a commodity had risen approximately 50 percent in just a few months. A significant number of High Liner's fish products are battered and breaded and then 'quick fried' in cooking oil to set the breading in place before they are flash frozen. This is the process that allows the customer to prepare the product at home in their own oven. The company immediately needed to address the impact of the rising cost of oil. A Kaizen team was formed to research oil usage throughout the process and to evaluate process technology improvement options. Improvements were made utilizing several capital expenditures and modifications to the fryer sanitation processes and plant operating and maintenance practices. Additionally waste oil is now recovered and sold for bio fuel.

Results:

* Realized \$2.2 million in cost savings.

Testimonial:

"By engaging a cross section of our employees in the Lean Kaizens we have been able to bring out wasteful and unnecessary steps in our processes that were otherwise not identified and make improvements using our employees very creative ideas. The Kaizen Process change was viewed as somewhat threatening to some of our employees but the NH MEP instructors did an excellent job in teaching and coaching our teams in the process."

Art Christianson, Vice President of Manufacturing